BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Docket No. 2007-____-E

IN RE: APPLICATION BY SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR AUTHORITY TO ISSUE AND SELL FROM TIME TO TIME NOT EXCEEDING $525,000,000 AGGREGATE PRINCIPAL AMOUNT OF FIRST MORTGAGE BONDS AND TO ISSUE AND SELL NOT EXCEEDING 4,800,000 SHARES OF PREFERRED STOCK	))))))))))	**APPLICATION FOR ISSUANCE OF SECURITIES**

1. INTRODUCTION

South Carolina Electric & Gas Company (the "Applicant"), a corporation organized under the laws of South Carolina, hereby makes application pursuant to S.C. Code Ann. §58-27-1710 (Supp. 2006), to the Public Service Commission of South Carolina (the "Commission") for power and authority to issue and sell from time to time not exceeding Five Hundred Twenty-Five Million Dollars ($525,000,000) aggregate principal amount of its First Mortgage Bonds (the "New Bonds") pursuant to Applicant's Indenture dated as of April 1, 1993, as supplemented (the "SCE&G Indenture"), between the Applicant and The Bank of New York, successor to NationsBank of Georgia, National Association, as trustee (the "SCE&G Trustee"). Applicant further requests the power and authority to issue and sell not exceeding 4,800,000 shares of its Preferred Stock (the "New Preferred Stock"). A copy of Applicant's draft Registration Statement on Form S-3 (the "Registration Statement") with respect to the New Bonds and the

New Preferred Stock to be filed with the United States Securities and Exchange Commission ("SEC") in August 2007 is furnished to the Commission as Exhibit A hereto.

2. CORRESPONDENCE

Correspondence with respect to this Application should be addressed to the following person:

K. Chad Burgess*
Senior Counsel
South Carolina Electric & Gas Company
Columbia, South Carolina 29218
(803) 217-8141

* Person for service

3. BUSINESS

Applicant is an electric utility operating in the State of South Carolina, serving the central, southern and southwestern portions of the State with electric and natural gas service.

4. AMOUNT AND CHARACTER OF SECURITIES TO BE ISSUED

A. Terms of New Bonds

Applicant requests authority to issue and sell not exceeding Five Hundred Twenty Five Million Dollars ($525,000,000) principal amount of New Bonds in one or more series and to negotiate (see paragraph 6) the terms for the New Bonds generally described as follows:

Principal Amount: $525,000,000 (maximum) in one or more series

Issue Date: From time to time

Basis: Unfunded property additions equal to ten-sevenths of the aggregate principal amount of such additional New Bonds, retirement credits or cash equal to the aggregate amounts of such New Bonds.

Interest Rate: Market (estimated not to exceed 9.9%)

Maturity Date: Varying, with 35-year maximum

Call and Redemption Features: Market

Sinking Fund: Market, but none required

Initial Offering Price: Approximately 97% to 102% (except for zero coupon securities)

Underwriting Discount: 1.5% (maximum) (expected range .6% to .8%)

Redemption Price: Market, estimated to be 100% of principal amount plus a make whole amount (yield maintenance payment) (except for zero coupon securities)

Current Credit Ratings: [1]Moody's – A1; S&P – A-; Fitch – A+

Indenture Date: April 1, 1993

Number of Existing Supplemental Indentures: Two

Trustee of SCE&G Indenture: The Bank of New York

Outstanding Principal Amount: $1,765,425,000

The authority, pursuant to this application, to issue and sell not exceeding Five Hundred Twenty-Five Million Dollars ($525,000,000) principal amount of New Bonds is incremental to the authority, granted by the Commission to Applicant in previous orders, to issue and sell the Applicant's First Mortgage Bonds.

B. Security for the New Bonds

The New Bonds will be secured primarily by the lien of the SCE&G Indenture upon substantially all of the electrical generation, transmission and distribution properties of Applicant described in the granting clauses of the SCE&G Indenture. Reference is made to "Description of the First Mortgage Bonds" in the form of Preliminary Prospectus in the Registration Statement.

[1] The Applicant's Moody's rating is presently under review.

(SCE&G Indenture Section 302) New Bonds may be issued on the basis of unfunded property additions equal to ten-sevenths of the aggregate principal amount of such additional New Bonds (SCE&G Indenture Article IV), retirement credits (SCE&G Indenture Article V), or cash equal to the aggregate principal amount of such New Bonds (SCE&G Indenture Article VI).

C. Net Earnings Test

In general, the issuance of First Mortgage Bonds under the SCE&G Indenture is subject to adjusted net earnings of the Applicant for 12 consecutive months within the preceding 18 months being at least twice the annual interest requirements on First Mortgage Bonds at the time outstanding and the First Mortgage Bonds then applied for.

D. New Preferred Stock

The authorized Capital Stock of Applicant includes: 50,000,000 shares of Common Stock, $4.50 par value ("Common Stock"); and 3,586,776 shares of various classes of Cumulative Preferred Stock (the "Old Preferred Stock"). As of May 31, 2007, 40,296,147 shares of Common Stock and 1,286,776 shares of Old Preferred Stock (of various classes) were issued and outstanding.

Applicant proposes to offer for sale not exceeding 4,800,000 shares of New Preferred Stock bearing cumulative or non-cumulative dividends and subject to the payment of preferred amounts upon liquidation, as market conditions dictate, and having no par value or such par value as Applicant shall determine, by selecting and negotiating with a managing underwriter or underwriters for the sale.

E. Credit Ratings

Applicant expects that the credit ratings of the New Bonds to be issued will be the same as the rating of outstanding First Mortgage Bonds. (Currently: Moody's – A1; S&P – A-; Fitch

– A+.)[2] Applicant expects that the credit ratings of the New Preferred Stock to be issued will be the same as the rating of outstanding Old Preferred Stock. (Currently: Moody's – Baa1; S&P – BBB; Fitch – A.)[2]

5. APPLICATION OF PROCEEDS AND COMPLIANCE WITH COMMISSION ORDER NO. 91-032-E

In compliance with the provisions of Order No. 91-032-E, dated January 18, 1991, Docket No. 91-72, Applicant submits the following required information.

A. Identify the effect on the income statement and balance sheet of the proposed financing.

See Exhibit B to Application with pro forma adjustments.

B. Identify specifically how the funds obtained through the proposed financing are to be used by the Applicant.

(1) The net proceeds from the sale of the New Bonds, together with other funds of the Applicant, will be used for general corporate purposes, including the financing of the Applicant's construction program and nuclear fuel expenditures (including amounts for construction of base load generation), the reduction of short-term indebtedness and to refinance securities. Reference is made to "Use of Proceeds" in the form of Preliminary Prospectus included as part of the Registration Statement.

(2) The net proceeds from the sale of the New Preferred Stock will be used to finance or refinance the retirement or discharge of all or part of the Old Preferred Stock and for general corporate purposes, including the financing of the Applicant's construction program and nuclear fuel expenditures (including amounts for construction of base load generation), the reduction of short-term indebtedness

[2] The Applicant's Moody's rating is presently under review.

and to refinance other securities. Reference is made to "Use of Proceeds" in the form of Preliminary Prospectus included as part of the Registration Statement.

(3) The Applicant’s cash requirements for its construction program and nuclear fuel expenditures (including amounts for construction of base load generation) are estimated at $1.6 billion and for refunding and retiring outstanding securities (not taking into account any retirement or discharge of the Old Preferred Stock) estimated at $177.0 million during 2007, 2008 and 2009. Applicant may revise its cash requirements to refund additional outstanding securities in light of changing market conditions.

C. Provide information of the possible impact on the Applicant if the proposed financing is not approved or if approval is delayed.

Substantially all of Applicant’s electric plant, transmission and distribution assets are subject to the lien of the SCE&G Indenture, thereby limiting any further secured financing other than through the method discussed herein. Without authorization to issue and sell the New Bonds and sell the New Preferred Stock, Applicant would have to (a) seek additional short-term bank loans on an unsecured basis; (b) sell additional commercial paper; (c) sell its accounts receivable or attempt to secure vendor financing of equipment; or (d) reduce its construction program to the level that could be funded internally.

Applicant’s restated articles of incorporation provide that without the consent of at least a majority of the total voting power of its preferred stock, Applicant may not issue or assume any unsecured indebtedness, if, after such issue or assumption, the total principal amount of all such unsecured indebtedness would exceed 10% of the aggregate principal amount of all of its secured indebtedness and capital and surplus; provided, however, that no such consent is required to enter into agreements for the payment of principal, interest and premium for securities issued for pollution control purposes. Applicant is subject to the further restriction under Section 204 of the Federal Power Act that Applicant must file an application with the Federal Energy Regulatory Commission ("FERC") for authority to issue short-term indebtedness in amounts exceeding 5% of the par value (as defined) of its outstanding securities. The FERC currently has authorized Applicant to issue up to $700,000,000 of unsecured promissory notes or commercial paper with maturity dates of 12 months or less, but not later than December 31, 2008.

D. Specify the expected effective rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the anticipated market price and book value per share at the time of issue.

For the New Bonds, in the near future, interest rates are not expected to exceed 9.9% on long-term utility bonds of like quality. For the New Preferred Stock, the dividend rate is not expected to exceed 8%.

E. Provide information on the expected <u>benefits</u> (example – savings expected from early debt retirement) and <u>costs</u> (example – issuance expenses) of the proposed financing. Provide any studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs/benefits.) Identify the basic assumptions of any analyses of costs/benefits.

New Bonds

(1) Issuance of New Bonds in proper proportion to other long-term capital is the lowest cost source of long-term capital. Applicant continually reviews potential

savings from retirements of securities, but has not made a determination whether it is economically feasible to retire any specific series of securities with the proceeds from the New Bonds, because such a determination will depend upon the receptivity of the market to new issues of Applicant's securities and upon the spread between the embedded cost of the retired security and the expected cost of the New Bonds immediately prior to the time that the New Bonds would be priced, issued and sold. Issuance costs of any proposed bond issue will be dependent upon the market prior to the time that such Bonds are priced, issued and sold.

(2) Applicant expects that underwriting discounts will range from .6% to .8%, depending on the maturity of the New Bonds. However, in paragraph 6, Applicant sets out a wide variety of pricing provisions because it is difficult to predict when volatile market conditions might coincide with Applicant's demand for funding with the New Bonds.

New Preferred Stock

(1) Issuance of preferred stock in proper proportion to other long-term capital results in the lowest cost source for long-term capital. Applicant continually reviews potential benefits from the retirement or discharge of the Old Preferred Stock and from retirement of other securities. However, Applicant has not made a determination whether retirement or discharge of any specific series of Old Preferred Stock or securities with the proceeds from the New Preferred Stock is beneficial, because such a determination will depend upon the economic cost of the transaction and the non-quantifiable benefits to be achieved. Issuance costs of

the New Preferred Stock will be dependent upon the market prior to the time that such New Preferred Stock is priced, issued, and sold.

(2) Underwriting discounts are not expected to exceed 3.15% of the price to the public.

(3) Dividend rates on the New Preferred Stock are not expected to exceed 8%.

F. Identify the impact on the firm's capital structure of the proposed new financing.

See Exhibit B to the Application with pro forma adjustments.

6. TERMS OF ISSUANCE AND SALE AT MARKET

New Bonds

Applicant may offer and sell one or more series of the New Bonds from time to time when market conditions, in the judgment of Applicant, are favorable, in either of three ways:

A. Underwriters or Dealers. If underwriters or dealers are utilized with respect to any series of the New Bonds, Applicant proposes to sell such series pursuant to an underwriting agreement in such form as is reasonably necessary to consummate the transaction, to any underwriter or dealer or to a group of underwriters or dealers to be selected at the time of each such sale.

B. Private Placement. Applicant may sell any series of New Bonds in a private placement to a limited number of purchasers or to a single purchaser, which will require an appropriate sales agreement with respect to such series.

C. Through Agents. If Applicant offers any series of the New Bonds in a private placement or through agents to a limited number of purchasers or to a single purchaser, an appropriate sales agreement will be utilized with respect to such series.

Negotiations at market with the purchaser or purchasers, to be concluded shortly before the offering of each series of the New Bonds, will determine the interest rate to be borne by, the maturity date of, the initial offering price of, the price to be paid to the Applicant for, the call provisions of, any underwriting or purchase discount (i.e., the difference between the initial offering price and the price paid by the purchaser or underwriter to Applicant) with respect to, and the redemption prices of, each series of the New Bonds. Based on market conditions, Applicant believes that the initial offering price usually will not be less than 97% nor more than 102% of the principal amount of such series of New Bonds (except in the case of original issue discount bonds sometimes known as "zero coupon bonds"), that any underwriting discount will not exceed 1.5% of the principal amount of such series of the New Bonds and that the initial regular redemption price, if any, will not exceed 100% of the principal amount of such series of the New Bonds plus a make whole amount (yield maintenance payment) (except in the case of original issue discount bonds sometimes known as "zero coupon bonds"). Applicant requests that it be authorized to negotiate, in its judgment, the most favorable interest rate and terms obtainable on the date each series of the New Bonds is priced including, if appropriate, terms, prices and redemption provisions appropriate for original issue discount securities sometimes known as "zero coupon bonds."

New Preferred Stock

Applicant may sell the New Preferred Stock by a sale to an underwriter pursuant to an underwriting agreement in such form as is reasonably necessary to consummate the transaction. Applicant expects to offer such New Preferred Stock to the public at an initial offering price per share of no more than $28 and no less than $22. The public offering price may be changed by the underwriter after the initial public offering. The New Preferred Stock will bear cumulative or non-cumulative dividends and have a dividend rate not to exceed 8% and a liquidation preference of up to $25 per share plus accrued and unpaid dividends. The New Preferred Stock will be subject to redemption at the option of the Applicant at the times and at such prices as are determined based upon market conditions at the time of sale. It is anticipated that for a period of at least eight years the Applicant will not be able to redeem, without the payment of a make-whole amount, the New Preferred Stock at its option. The redemption price will in no event exceed $27 per share plus any make-whole amount and accrued and unpaid dividends at the time of redemption. The underwriting commission will not exceed 3.15% of the price to the public of the New Preferred Stock sold.

7. FINANCIAL CONDITION

The financial condition of Applicant as of March 31, 2007, is shown by Applicant's financial statements in Form 10-Q for the quarter ended March 31, 2007. The Applicant's financial statements included in Form 10-K for the year ended December 31, 2006 and in Form 10-Q for the quarter ended March 31, 2007, furnished as Exhibits C and D, respectively, are incorporated by reference in the Registration Statement filed with the SEC.

WHEREFORE, Applicant requests that the Commission make such investigation as it may deem necessary in accordance with law and:

(1) Authorize Applicant to issue and sell from time to time not exceeding FIVE HUNDRED TWENTY-FIVE MILLION DOLLARS ($525,000,000) principal amount New Bonds in one or more series due not later than thirty-five (35) years from the respective date of issue of each series;

(2) Authorize Applicant to negotiate the terms of and to execute and deliver one or more supplemental indentures, if necessary for issuance and sale of New Bonds;

(3) Authorize Applicant to negotiate the terms of and to enter into, execute and deliver an underwriting agreement for issuance and sale of New Bonds in such form as may be reasonably necessary to consummate the particular transaction;

(4) Authorize Applicant to negotiate the terms of and to enter into, execute and deliver an appropriate sales agreement with respect to the New Bonds as may be reasonably necessary to consummate the particular transaction;

(5) Authorize Applicant to issue and sell not exceeding 4,800,000 shares of the New Preferred Stock, pursuant to the terms and conditions described herein, and for the execution and delivery by the Applicant of an underwriting agreement in such form as may be reasonably necessary to consummate the proposed transaction; and

(6) Grant such other and further relief as may be appropriate in the circumstances.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

[SEAL]

By ____________________________________

Mark R. Cannon
Risk Management Officer and Treasurer

ATTEST:

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Gina Champion
Secretary

Columbia, South Carolina
July 19, 2007

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY APPEARED before me Mark R. Cannon and Gina Champion, who on oath, say, each for himself or herself, that they are respectively, Risk Management Officer and Treasurer, and Secretary, of South Carolina Electric & Gas Company, Applicant herein, and make this verification on its behalf, that they have read the foregoing and attached Application, that the statements of fact therein are true of their own knowledge, and that as to the opinions expressed therein, they believe them to be true.

____
Mark R. Cannon

____
Gina Champion

SWORN TO before me this
19th day of July, 2007

____
Patricia K. Haltiwanger
Notary Public for South Carolina
My Commission expires March 22, 2016.

EXHIBITS

Exhibit A -	Draft Registration Statement
Exhibit B -	Applicant’s Pro Forma Financial Statements
Exhibit C -	Applicant’s Annual Report on Form 10-K for the year ended December 31, 2006
Exhibit D -	Applicant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007